

IMPERIAL COUNTY ECONOMIC FORECAST

Imperial County is located at the extreme southeastern edge of the state, sharing its western border with San Diego County and its southern border with Mexico. Imperial County has a population of nearly 175,000 people, together with 57,700 wage and salary jobs. The per capita income in Imperial County is \$22,423, and the average salary per worker is \$39,568, both measures representing the lowest levels among all Southern California counties.

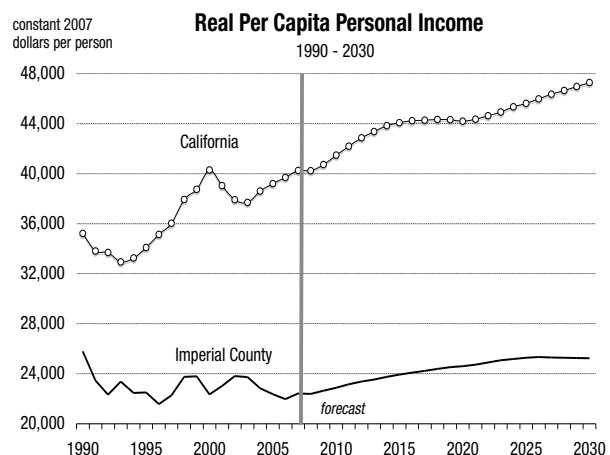
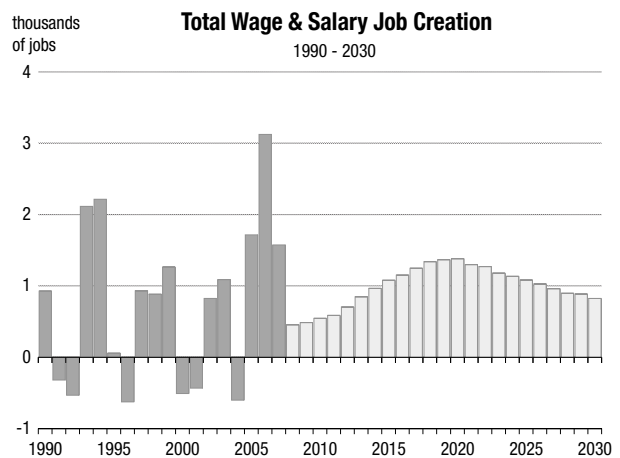
Economic growth in Southern California declined sharply in 2007 and job creation was at the lowest level since 2002. Last year 1,575 total jobs were created in Inland County, implying a growth rate of 2.8 percent. The non-farm growth rate was also 2.8 percent, a high rate, but down from 5.2 percent in 2006. The unemployment rate increased to 18.4 percent in 2007. This high unemployment rate is due in part to the large farm sector, which represents 20 percent of total employment in the county. While this percentage is high, it has been declining, and as it declines so generally will the unemployment rate.

The principal labor markets in Imperial County are farming, retail trade, and government. The latter accounts for over 31 percent of total employment, and retail trade contributes another 13 percent of total jobs. In 2007, the public sector added 800 jobs, while the farm sector added nearly 320 workers. Approximately 175 jobs were created in both the professional services and leisure services sectors.

Between January 2007 and 2008, the population grew at a rate of 2.7 percent in Imperial County, the highest of any county. The county has grown at twice the rate of the state each year since the beginning of the decade. The city of Imperial added nearly 1,000 people, at a rate of 8.3 percent.

FORECAST HIGHLIGHTS

- Non-farm job growth is expected to fall in 2007, averaging 0.9 percent. From 2008 to 2012, the average annual growth rate is 1.2 percent per year. Total wage and salary growth will be lower at 0.9 percent, due to flat employment in the farm sector.
- Average salaries adjusted for inflation are currently well below the California state average, and will remain so over the forecast horizon. Real average salaries rise by an average of 1.3 percent per year over the next 5 years.
- Forty-three percent of net job creation is expected to occur in the government sector over the next five years. Other growing sectors include wholesale and retail trade, healthcare and education, leisure services, transportation, manufacturing and professional services, which all between 150 and 400 workers. Construction employment falls by 200 jobs over the next two years.

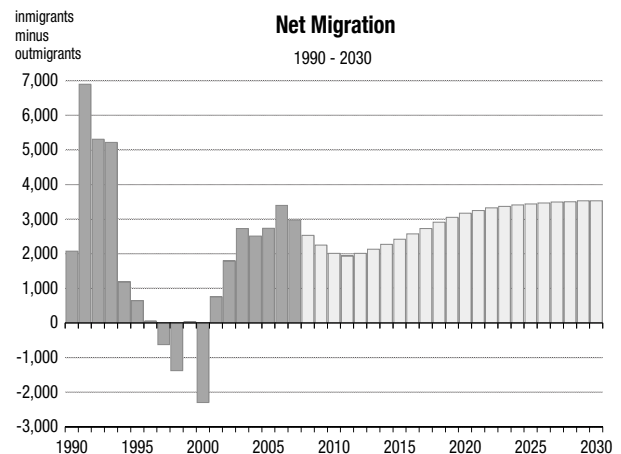
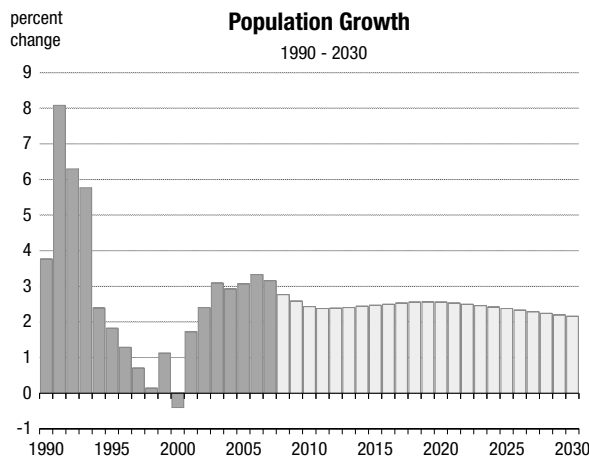


- The population will continue to grow at a very high rate in the county. Annual growth in the 2008 to 2012 period averages 2.5 percent per year.
- Net migration moderates slightly over the next five years. The forecast of net migration indicates an average of 2,200 people entering the county per year over the next five years.
- Real per capita incomes decline slightly in 2008 as population growth outpaces income growth. An annual compound rate of growth of 0.8 percent is forecast from 2008 to 2012.
- Total taxable sales are expected to increase by an average of 3.4 percent over the next five years.
- Industrial production will increase by 2.3 percent in 2008. Over the next five years the growth rate of industrial production will average 4.0 percent per year.

Imperial County Economic Forecast

1997-2007 History, 2008-2030 Forecast

	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
1997	142,300	-623	106.7	38.2	327	\$1.05	\$2.33	\$22,260	1.7	1.41	0.29	26.9
1998	142,500	-1,376	108.8	38.6	394	\$1.11	\$2.53	\$23,739	1.4	1.45	0.32	25.9
1999	144,100	32	112.1	38.9	333	\$1.29	\$2.62	\$23,790	2.3	1.37	0.34	23.6
2000	143,522	-2,300	115.1	39.4	677	\$1.40	\$2.53	\$22,336	3.3	1.17	0.37	15.8
2001	145,998	763	117.4	39.7	756	\$1.38	\$2.74	\$23,020	3.4	1.24	0.37	15.9
2002	149,509	1,794	127.0	40.5	1,062	\$1.44	\$2.99	\$23,813	2.8	1.46	0.46	15.0
2003	154,138	2,729	128.9	41.4	1,211	\$1.53	\$3.15	\$23,724	2.6	1.25	0.50	15.6
2004	158,650	2,516	138.2	42.4	2,157	\$1.69	\$3.22	\$22,827	3.3	1.34	0.50	17.1
2005	163,521	2,741	140.4	43.7	2,974	\$2.00	\$3.40	\$22,366	4.5	1.31	0.52	16.1
2006	168,979	3,397	144.6	46.7	1,850	\$2.15	\$3.59	\$21,954	4.3	1.41	0.56	15.4
2007	174,322	2,977	145.0	49.0	1,079	\$2.19	\$3.91	\$22,423	3.3	1.44	0.58	18.0
2008	179,159	2,534	149.9	50.7	760	\$2.14	\$4.10	\$22,382	2.3	1.40	0.59	19.4
2009	183,793	2,250	154.7	51.5	729	\$2.19	\$4.35	\$22,632	2.1	1.41	0.62	19.5
2010	188,273	2,016	159.3	52.2	912	\$2.32	\$4.60	\$22,868	2.3	1.41	0.64	18.4
2011	192,748	1,944	163.9	53.1	1,096	\$2.43	\$4.90	\$23,147	2.7	1.39	0.67	18.0
2012	197,343	2,012	168.5	54.1	1,235	\$2.58	\$5.19	\$23,368	2.6	1.40	0.71	17.9
2013	202,098	2,133	173.1	55.3	1,367	\$2.71	\$5.50	\$23,530	2.7	1.41	0.75	17.7
2014	207,028	2,271	178.3	56.6	1,515	\$2.84	\$5.84	\$23,751	2.7	1.41	0.79	17.5
2015	212,140	2,425	183.6	58.1	1,585	\$2.97	\$6.21	\$23,924	2.9	1.41	0.84	17.2
2016	217,442	2,577	189.0	59.6	1,524	\$3.11	\$6.60	\$24,089	3.0	1.41	0.88	16.9
2017	222,940	2,733	194.4	61.1	1,632	\$3.26	\$7.01	\$24,214	3.1	1.39	0.93	16.5
2018	228,638	2,913	200.2	62.6	1,654	\$3.41	\$7.45	\$24,376	2.9	1.39	0.98	16.1
2019	234,501	3,057	206.0	64.2	1,656	\$3.57	\$7.90	\$24,510	2.9	1.40	1.03	15.6
2020	240,493	3,177	211.6	65.8	1,733	\$3.73	\$8.36	\$24,599	2.8	1.39	1.09	15.1
2021	246,575	3,252	217.3	67.5	1,693	\$3.89	\$8.86	\$24,725	2.8	1.37	1.13	14.7
2022	252,737	3,332	223.1	69.1	1,754	\$4.05	\$9.41	\$24,899	2.9	1.37	1.17	14.4
2023	258,958	3,371	229.0	70.8	1,786	\$4.22	\$9.98	\$25,065	2.8	1.34	1.20	14.2
2024	265,225	3,416	234.4	72.5	1,750	\$4.40	\$10.54	\$25,172	2.7	1.33	1.24	14.0
2025	271,533	3,445	239.8	74.2	1,712	\$4.60	\$11.13	\$25,275	2.7	1.30	1.26	13.7
2026	277,874	3,473	245.1	75.8	1,682	\$4.80	\$11.73	\$25,323	2.8	1.28	1.30	13.4
2027	284,246	3,495	249.6	77.5	1,590	\$5.00	\$12.33	\$25,299	2.8	1.27	1.34	13.2
2028	290,629	3,507	254.0	79.0	1,557	\$5.22	\$12.97	\$25,270	3.0	1.25	1.38	13.0
2029	297,029	3,530	258.5	80.5	1,531	\$5.45	\$13.65	\$25,256	3.0	1.24	1.44	12.7
2030	303,436	3,535	262.8	82.0	1,510	\$5.68	\$14.34	\$25,222	3.0	1.23	1.49	12.5



Imperial County Employment Forecast

1997-2007 History, 2008-2030 Forecast

	Total Wage & Salary	Farm	Mining & Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
-----employment (thousands of jobs)-----												
1997	48.8	13.87	1.4	1.6	1.4	7.0	1.3	2.2	0.5	2.2	2.8	14.0
1998	49.7	14.28	1.4	1.7	1.5	7.0	1.3	2.1	0.4	2.2	2.8	14.4
1999	51.0	14.35	1.7	1.6	1.5	7.4	1.3	1.8	0.4	2.3	2.9	14.8
2000	50.4	12.30	2.0	1.6	1.6	7.9	1.4	1.9	0.4	2.2	2.9	15.5
2001	50.0	11.34	1.7	1.8	1.7	7.8	1.4	1.7	0.4	2.3	2.8	16.1
2002	50.8	10.14	1.7	2.5	1.7	7.9	1.4	2.1	0.4	2.4	2.9	16.7
2003	51.9	10.78	1.6	2.5	1.9	8.2	1.4	2.2	0.4	2.5	2.7	16.9
2004	51.3	10.43	1.8	2.4	1.8	8.3	1.3	2.1	0.4	2.5	2.9	16.5
2005	53.0	10.57	1.9	2.3	1.8	9.0	1.3	2.2	0.4	2.8	3.1	16.8
2006	56.2	11.49	2.0	2.6	1.8	9.4	1.4	2.6	0.4	2.9	3.3	17.4
2007	57.7	11.81	1.9	2.6	1.7	9.4	1.4	2.7	0.4	2.9	3.5	18.2
2008	58.2	11.86	1.7	2.6	1.7	9.3	1.4	2.7	0.4	3.0	3.6	18.6
2009	58.7	11.82	1.7	2.7	1.8	9.4	1.4	2.8	0.4	3.0	3.6	18.8
2010	59.2	11.82	1.8	2.7	1.8	9.5	1.4	2.8	0.4	3.1	3.7	19.0
2011	59.8	11.81	1.8	2.7	1.9	9.6	1.4	2.9	0.4	3.1	3.7	19.1
2012	60.5	11.78	1.8	2.8	1.9	9.7	1.4	2.9	0.4	3.2	3.8	19.4
2013	61.4	11.78	1.8	2.9	2.0	9.9	1.4	2.9	0.4	3.3	3.8	19.7
2014	62.3	11.79	1.8	2.9	2.0	10.0	1.4	3.0	0.4	3.5	3.8	20.2
2015	63.4	11.80	1.9	3.0	2.1	10.1	1.4	3.0	0.4	3.6	3.8	20.8
2016	64.6	11.80	1.8	3.0	2.1	10.2	1.4	3.0	0.4	3.8	3.8	21.5
2017	65.8	11.80	1.9	3.1	2.2	10.3	1.4	3.0	0.4	4.0	3.8	22.3
2018	67.2	11.77	1.8	3.2	2.3	10.4	1.4	3.0	0.4	4.1	3.9	23.2
2019	68.5	11.76	1.8	3.2	2.3	10.5	1.4	3.0	0.4	4.3	3.9	24.1
2020	69.9	11.76	1.8	3.3	2.4	10.6	1.4	3.0	0.4	4.5	3.9	25.0
2021	71.2	11.75	1.8	3.3	2.4	10.7	1.4	3.0	0.4	4.7	3.9	25.8
2022	72.5	11.71	1.8	3.4	2.5	10.9	1.4	3.1	0.5	4.9	3.9	26.6
2023	73.7	11.68	1.8	3.4	2.5	11.0	1.4	3.1	0.5	5.1	3.9	27.4
2024	74.8	11.62	1.8	3.4	2.6	11.1	1.4	3.1	0.5	5.3	3.9	28.1
2025	75.9	11.56	1.8	3.5	2.6	11.2	1.4	3.1	0.5	5.5	3.9	28.8
2026	76.9	11.47	1.8	3.5	2.7	11.3	1.4	3.1	0.5	5.6	3.9	29.4
2027	77.9	11.39	1.8	3.5	2.7	11.4	1.4	3.2	0.5	5.8	3.9	30.0
2028	78.8	11.32	1.8	3.6	2.8	11.5	1.4	3.2	0.5	6.0	3.9	30.5
2029	79.7	11.23	1.8	3.6	2.9	11.6	1.4	3.2	0.5	6.2	4.0	31.0
2030	80.5	11.18	1.8	3.7	2.9	11.7	1.4	3.1	0.5	6.4	4.0	31.5

